

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

Docket No. 07-E-0517

**In the Matter of the Liquidation of
Patriot Health Insurance Company, Inc.**

LIQUIDATOR'S SECOND REPORT

I, Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of Patriot Health Insurance Company, Inc. ("Patriot"), hereby submit this second report on the liquidation of Patriot, as of March 14, 2008, in accordance with RSA 402-C:25.

1. Claim administration and funding agreement. On February 4, 2008, the Liquidator moved for approval of a Claim Administration and Funding Agreement between the Liquidator, the New Hampshire Life and Health Insurance Guaranty Association ("NHLHIGA"), Comprehensive Benefits Administrator d/b/a EBPA ("EBPA"), and MVP Health Insurance Company of New Hampshire ("MVP"). The Court approved the agreement on February 12, 2008. Pursuant to that agreement, EBPA has been adjusting claims incurred under Patriot health insurance policies prior to 11:59 PM on December 31, 2007 when MVP assumed Patriot's responsibilities, and NHLHIGA has been paying such claims subject to its statutory limitations. The Liquidator has been monitoring this process.

2. Proofs of claim. The claim filing deadline in the Patriot liquidation is July 18, 2008. Patriot subscribers or members, or healthcare providers submitting claims on behalf of members or subscribers, need not submit proofs of claims unless they will not be able to submit the claim in the normal course to EBPA (the claim administrator)

by the July 18, 2008 claim filing deadline. Producers, attorneys, vendors and other general creditors must file proofs of claim. As of March 6, 2008, EBPA had received claims incurred before January 1, 2008 under Patriot health insurance policies totaling \$1,300,309.00 , the vast majority of which are within NHLHIGA's statutory limits and are being paid by NHLHIGA pursuant to the administration and funding agreement. (These NHLHIGA-funded claims will become part of NHLHIGA's claim against Patriot's estate.) The Liquidator has received a total of 22 proofs of claim as of March 7, 2008. The proofs of claim submitted now total \$12,377.80. It is difficult to summarize the proofs of claim in advance of the claim determination process because most proofs of claim are for unpaid medical costs, which have not been reviewed by EBPA. Copies of all supporting material have been forwarded and new material will be forwarded upon receipt to EBPA for adjusting of the claims.

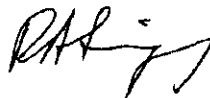
3. Claim determinations and reports. The Liquidator is preparing for the process of determining proofs of claim. The Liquidator will file reports of claims and recommendations when a sufficient number of the claims have been determined and have passed the 60-day period for objections.

4. Financial report. A copy of the unaudited February 29, 2008 statement of assets, receipts, and disbursements for Patriot is attached as Exhibit A to this report. The statement reflects \$440,323 in assets under the Liquidator's direct control at February 29th, and \$78,729 in cash receipts and \$100,853 in operating disbursements from January 18, 2008 through February 29, 2008. In light of the Assumption Agreement with MVP approved by the Court on December 12, 2007, Patriot's sole asset on January 18,

2008 (the beginning of the liquidation) and on February 29, 2008 was the cash held at TD North Bank and Centrix Bank.

5. Future activity and reports. As expected, the volume of claims incurred prior to January 1, 2008 under Patriot health insurance policies submitted to EBPA has dropped off sharply since January 2008. The principal activities of the liquidation prior to the claim filing deadline will be monitoring the claims submitted to the claims administrator, determining whatever proofs of claim are submitted in advance of the claim filing deadline, coordinating with NHLHIGA, addressing any claims that exceed NHLHIGA caps, and marshalling the few outstanding assets of the estate. In light of the limited assets of the estate and the relatively low level of activity expected, the Liquidator requests that the Court specify that the Liquidator report to the Court at three month intervals pursuant to RSA 402-C:25.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "RAS" followed by a stylized flourish.

Roger A. Sevigny, Insurance Commissioner,
as Liquidator of Patriot Health Insurance
Company, Inc.

March 30, 2008

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of March 2008, a true and correct copy of the foregoing document was served via first class mail, postage paid to all parties on the Service List.



Glenn A. Perlow

Patriot Health Insurance Company In Liquidation
Statement of Assets, Receipts and Disbursements
(Modified Cash Basis)
(Unaudited)
January 18, 2008 - February 29, 2008

Beginning Cash at January 18, 2008	\$ <u>462,447</u>
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Cash Received:

Reinsurance Recoverable	\$ 47,696
Premiums Receivable	20,057
Rebates	7,561
Interest Income	1,326
All Other	<u>2,089</u>
Total Cash Receipts	\$ 78,729

Cash Operating Disbursements:

Legal Expenses	55,828
Consultant and Outside Service Expenses	22,978
Special Deputy Expenses	\$ 15,750
Other Rehabilitation Expenses	<u>6,297</u>
Total Cash Disbursements	\$ 100,853

Excess of Operating Disbursements Over Receipts	<u>(22,124)</u>
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Ending Cash at February 29, 2008	\$ <u><u>440,323</u></u>
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Note - Basis of Accounting

This financial statement is prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Only incurred but unpaid Class I (Administrations Costs) liabilities, which are in a creditor class superior to all other classes, are presented in this financial statement.